



FOR IMMEDIATE RELEASE

URUGUAY #1 FOR PROSPERITY IN SOUTH AMERICA; VENEZUELA AND BOLIVIA THE WORST IN THE REGION, FINDS LEGATUM PROSPERITY INDEX

Personal freedom, security, and good health are a recipe for success; internal security and safety concerns and poor governance limit overall prosperity

LONDON, October 26, 2009 – The third edition of the Legatum Prosperity Index, published today, ranks 104 countries (covering 90% of the world's population), based on a definition of prosperity that combines economic growth together with measures of happiness and quality of life.

The highest ranking South American countries are Uruguay, Chile and Argentina at 33rd, 36th, and 38th place respectively, whose citizens all claim high levels of personal freedom. The lowest performing country in the region is Venezuela which is placed at 74th on the Index, narrowly led by Bolivia (73rd) and Ecuador (71st).

"The Legatum Prosperity Index is the world's only global assessment of wealth and wellbeing," said Dr. William Inboden, Senior Vice President of the Legatum Institute. *"Across South America, countries with high scores for Democratic Institutions and Personal Freedom generally record a strong overall ranking for prosperity,"* he continued. *"Furthermore, countries which have low levels of internal safety and security, such as Venezuela, finish lower in the overall rankings. This strongly suggests that a country can improve its prosperity by promoting the fundamentals of life satisfaction as much as the standard measurements of wealth such as GDP,"* concluded Dr. Inboden.

The success of countries like Uruguay, Chile and Brazil in promoting economic growth and personal freedoms can be linked to their commitment to embrace human development and market freedom which fosters overall prosperity. In contrast, the lower rankings of Venezuela, Bolivia and Ecuador reflect their populist rulers' policies that stifle business by nationalising entire industries once they become profitable and whose cities are characterised by high levels of crime.

Key Findings from the 2009 Legatum Prosperity Index

- Finland tops the overall Index, followed by several European nations such as Britain, Germany and France, as well as the US and Canada which all make the top 20.
- Chile ranks highest among South American countries on Economic Fundamentals while Bolivia and Nicaragua perform lowest on this sub-index.
- Costa Rica scores highest on variables which foster entrepreneurship and innovation which resulted in nearly 4,000 new businesses being created in 2007.
- With the exception of Uruguay and Chile, no South (or Central) American country ranks in the top third of the Index for levels of security with Columbia receiving the lowest possible ranking, globally, on this sub-index. Countries that score lowest on this sub-index tend to be characterised by high rates of homicide, assault, state sponsored violence, internal conflict and human flight.
- Among the lowest ranking countries on measures of stability within democratic institutions are Honduras, Ecuador, Venezuela, and Columbia with the latter three also ranking lowest among South American countries in the Safety & Security sub-index which

- measures variables such as the homicide rate, the prevalence of state sponsored violence, and human flight.
- The countries which rank lowest in terms of health are Peru, Nicaragua and Bolivia, all of which have high levels of infant mortality and only one hospital bed per 1000 citizens.
 - Uruguay ranks very well at 14th in the world on levels of personal freedom, as does Brazil at 16th.
 - Venezuela's low rank comes from its poor showings on Economic Fundamentals, Entrepreneurship and Innovation, Safety and Security, and Governance – the latter in which it ranks 101st, among the worst in the world.
 - When compared to Central America, South American countries score comparatively high for levels of education, although when compared globally, these rankings are still only average.
 - Low levels of trust between South Americans and a reluctance to rely on family and friends in times of need bring down the overall social capital score among South American countries. Peru ranks last out of all 104 countries on this sub-index.

The Prosperity Index identifies nine key factors that drive economic growth and personal wellbeing, which are the foundations of prosperity. Each of these nine factors is represented in a sub-index and a country's final Prosperity Index ranking is generated by averaging its scores across all nine sub-indexes, equally weighted. **More information on the Prosperity Index, including full country rankings, background on data and methodology, and profiles of each country can be found at www.prosperity.com.**

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Notes to Editors:

About the Legatum Prosperity Index

The 2009 Legatum Prosperity Index is based on statistical analysis of more than 40 years of data for more than 100 countries worldwide, produced and supervised by the Legatum Institute, with input from the research consultancy Oxford Analytica and a panel of respected academic advisors in the fields of economics, history, development, sociology, and political science.

2009 Legatum Prosperity Index Rankings Summary

TOP TWENTY COUNTRIES	SOUTH AMERICA/CARIBBEAN
1. Finland	32. Costa Rica
2. Switzerland	33. Uruguay
3. Sweden	36. Chile
4. Denmark	38. Argentina
5. Norway	40. Trinidad & Tobago
6. Australia	41. Brazil
7. Canada	42. Panama
8. Netherlands	49. Jamaica
9. United States	52. Belize
10. New Zealand	54. Dominican republic
11. Ireland	57. Paraguay
12. United Kingdom	60. El Salvador
13. Belgium	61. Peru
14. Germany	65. Colombia
15. Austria	66. Honduras
16. Japan	67. Guatemala
17. France	71. Ecuador
18. Hong Kong	72. Nicaragua
19. Spain	73. Bolivia
20. Slovenia	74. Venezuela

BOTTOM TEN COUNTRIES
95. Kenya
96. Algeria
97. Tanzania
98. Nigeria
99. Pakistan
100. Cameroon
101. Central African Republic
102. Yemen
103. Sudan
104. Zimbabwe

How the Index is constructed

The Prosperity Index accounts for 90 percent of the world's population, using a combination of objective data and subjective responses to surveys. This data comprises 79 different variables, and each is then distilled into one of the nine different sub-indexes identified as a foundation of prosperity. A country's performance in each sub-index is given a score, and the overall Prosperity Index rankings are produced by averaging the equally-weighted scores of the 9 sub-indexes for each country. Those countries that perform well across each sub-index score highest in the overall rankings.

The nine foundations of prosperity that define successful nations are:

- **Economic Fundamentals** – a growing, sound economy that provides opportunities for wealth creation
- **Entrepreneurship and Innovation** – an environment friendly to new enterprises and the commercialisation of new ideas
- **Education** – an accessible, high-quality educational system that fosters human development
- **Democratic Institutions** – transparent and accountable governing institutions that promote economic growth
- **Governance** – an honest and effective government that preserves order and encourages productive citizenship
- **Health** – the physical well-being of the populace
- **Personal Freedom** – the degree to which individuals can choose the course of their lives
- **Security** – a safe environment in which people can pursue opportunity
- **Social Capital** – trustworthiness in relationships and strong communities

About the Legatum Institute

The Legatum Institute ("LI") is an independent policy, advocacy and advisory organisation. The Institute's mission is to research and promote the principles that drive the creation of global prosperity and the expansion of human liberty and wellbeing.

For more information about the Legatum Institute, please visit www.li.com.

The Institute is part of the Legatum Group, a private global investment organization focused on investing in the international capital markets and the promotion of sustainable development.

For more information about the Legatum Group, please visit www.Legatum.com.

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